

localinsights

wasatchfrontnorth

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An economic and labor market analysis of the Wasatch Front North Area

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Educational Attainment

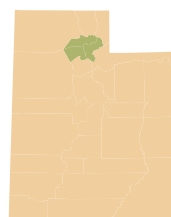
In the Wasatch Front North Area

BY JOHN MATHEWS

A relatively new source of information on individuals in Utah, the Local Employment Dynamics (LED) data, is now available, and in this inaugural edition of Local Insights we will take a deep look at some of this data. This issue will address different aspects of the educational attainment of workers in the three-county Wasatch Front North Service Area. This data captures information by a number of different characteristics of the economy. We will study educational attainment by the number of workers, the industry to which they are attached, the average monthly wage

and wage differences according to gender. Information from 2000 to 2010 is included in the analysis.

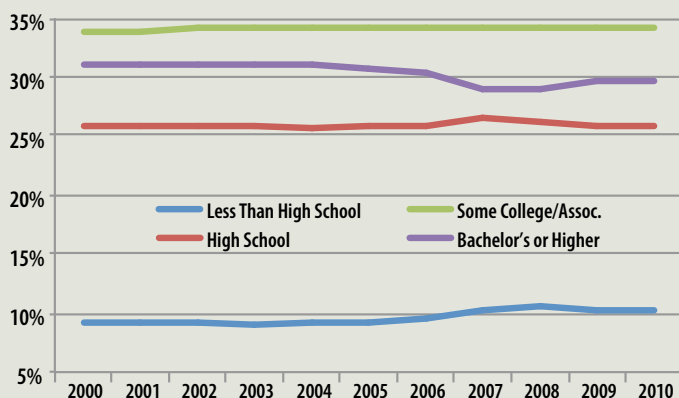
For better understanding, here is a quick note about the data: Information on educational attainment reflects individuals 25 years old and over, so data on youth is not included because they are generally not old enough to have achieved the levels of educational attainment included in the information. This information is specific to workers on payrolls. Data by industry is fairly comprehensive. It covers nonfarm employment in the area with the exclusion of data on the federal government. That information is not yet available. Federal employment is important for many parts of Utah and we hope to include it soon.



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Graph 1: Educational Attainment
2000–2010



* Workers 25 and older only.
Source: U.S. Census Bureau; Local Employment Dynamics program.

The Broad View— Educational Attainment

Educational attainment data on workers is organized in four categories: (1) those who have achieved less than a high school diploma, (2) those who have earned a high school diploma or its equivalent, (3) those who have attended some college or have earned an associate degree and (4) those who have earned at least a bachelor's degree.

Across the service area in 2010, 10 percent of all workers had not earned a high school diploma. High school graduates accounted for 26 percent of the total, and 34 percent had finished some college or earned an associate degree. Almost 30 percent of workers in the area reported having at least





Educational Attainment Cont.

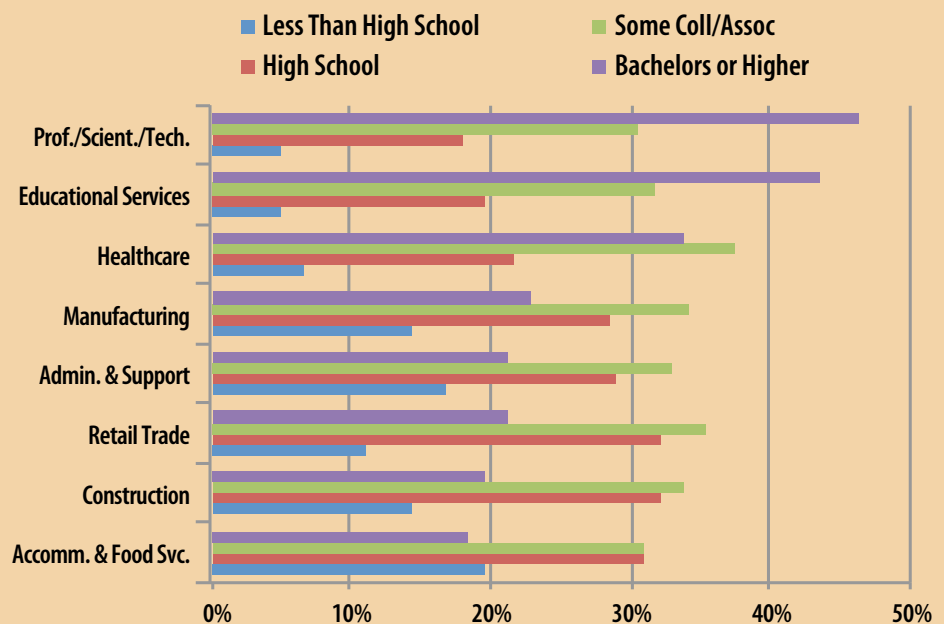
a bachelor's degree. Graph 1 includes this 2010 information as well as data dating back to 2000. The graph indicates that educational attainment levels don't change much, even across a decade of two recessions. Although not instantly apparent in the graph, there has been some movement among the shares of workers during the last decade. Those with less than a high school diploma have gained maybe a percentage point. The educational attainment for the bachelor's or higher group dropped just under 2 percentage points. This could be evidence that the recession did have a tiny effect on the makeup of categories of workers. The other 2 levels of attainment remained virtually unchanged over the 10-year period.

Educational Attainment by Industry —Where People Work

Educational attainment data is available for some 20 industries. Each industry, because of its purpose, has a different mix of occupations and requisite skills to get the work done. Some industries have fewer workers needing higher education than others, like retail trade. The educational services industry, on the other hand, has more workers with higher levels of educational attainment for obvious reasons. Analyzing all 20 industries' worker composition by educational attainment would be very cumbersome, so we are going to look at just 8 of the 20.

These 8 industries (see Graph 2) account for 75 percent of all workers in the Wasatch Front North Employment Service Area. The graph is ranked (from high to low) by the percentage of workers in each industry who have received a bachelor's degree or

Graph 2: Educational Attainment by Major Employing Industry, 2010



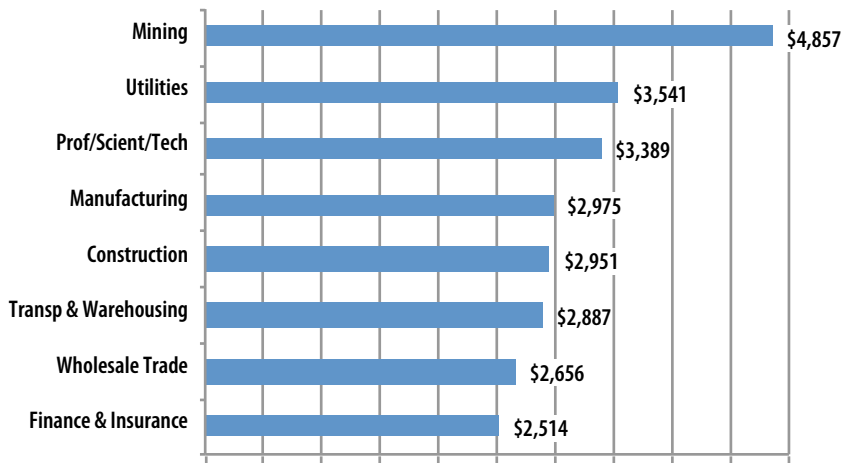
Source: U.S. Census Bureau; Local Employment Dynamics program.

more. Professional, scientific and technical services and educational services are the industries with the 2 highest percentages. In professional services, 46 percent of the workforce holds a bachelor's degree. Educational services is next at 44 percent. These industries demand highly educated workers. Weber State University is a very large employer in the service area and its administration and faculty contribute to the elevated percentage of worker educational attainment.

One third of the workers in the healthcare sector hold a bachelor's degree. About 20 percent of the workforce of the remaining

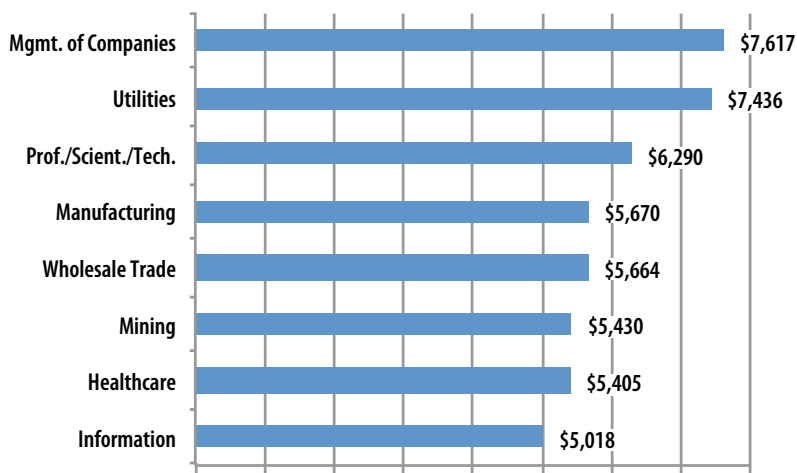
5 industry sectors each are employees with bachelors' degrees. The list of high employment industries (Graph 2 portrays a significant number of workers that have some college or an associate degree, about 30 to 37 percent. Healthcare had the most (37 percent) and professional services the least (30.7 percent). Workers with a high school diploma made up varying levels of the total employment in the 8 industries. The lowest percentage of total workers in this category fell in professional services at 17 percent of total employment. Construction and retail trade each showed that about 32 percent of their workers held high school diplomas as their highest level of education.

Graph 3: Industries with the Highest Average Wage for Workers with Less Than a High School Diploma



Source: U.S. Census Bureau; Local Employment Dynamics program.

Graph 4: Industries with the Highest Average Wage for Workers with a Bachelor's Degree



Source: U.S. Census Bureau; Local Employment Dynamics program.

In these high-employment industries, only small proportions of the total employment were made up of workers with less than a high school diploma. The highest concentration of less than high school educational attainment was in accommodations and food service at 20 percent. Just over 16 percent of workers in administration and support and 14 percent of the workers in both construction and manufacturing reported the same educational attainment level. Only about 5 percent of the educational services sector was made up by workers with less than a high school diploma.

The educational attainment of workers in the labor market varies widely, particularly when viewed from an industry perspective. If potential job seekers know what industry they want to work in, having information about the educational makeup of incumbent workers can help them in their career decision. Different industries have a variety of educational skills that they need in their workers. Some need fewer degreed individuals and others demand certain skill sets. Although analyzing the educational attainment of workers by industry gives us a fix on what education levels workers hold, it's what businesses demand in terms of skill sets that really determines what kinds of educational requirements are beneficial. Education benefits the individual and society as a whole, but it is the individual who gets to choose where they look for employment. For example, some food servers have more education than necessary but decided to enter the field anyway.

Educational Attainment, Wages and Workers

Wages are always an item of interest in understanding the labor market. The Local Employment Dynamics (LED) data has a wage component that enables us to view and calculate wage information by industry and educational attainment. This is a big topic and so we'll focus in on some aspects of educational attainment and industry wage information that should interest those in the Wasatch Front North Service Area.

When absorbing the information about educational attainment and industry, two questions might come to mind: What industries give the highest wages to individuals who hold less than a high school degree? What industries give the highest wages to individuals who hold at least a bachelor's degree?



Educational Attainment Cont.

Let's break down the educational attainment data by those two ends of the wage spectrum and see which industries arise. The industries that don't need a large concentration of workers with higher levels of education will be there, but will they pay higher wages? Graph 3 points out the top 8 highest-paying industry sectors for workers without a high school diploma.

Mining jumps off the graph with \$4,857 in monthly wages, which is about \$1,300 more per month than the next closest industry. Mining offers high pay for low educational attainment but is a very small industry in employment terms for this service area. Utilities and professional services each offered wages of about \$3,500 per month. The remaining industries on the graph reported wages of at least \$2,500 per month. The largest employing industry in the list is manufacturing. Keep in mind that the wages included are for just workers with less than a high school diploma. At the bottom end of the spectrum is the leisure and hospitality sector, which includes food service and hotels/motels. The wages offered those workers were about \$1,280 per month. Retail trade is also a source of employment for workers with lower education levels. Average wages in retail trade were \$1,975 per month.

On the high end of the spectrum, which industries pay the best? Graph 4 presents some high monthly wages. The data represents payroll wages of workers in the industry and doesn't count self-employed owners that do not take a salary or wage on a regular payroll. These individuals use profits to generate their remuneration. The best pay for workers with a bachelor's degree or higher appear to be in the management industry at \$7,617 per month (in 2010). That equates to an annual wage of about \$92,000. The utilities industry wage for similarly educated workers was \$7,436 per month. All of the other industry sectors on the graph

employed workers with at least a bachelor's degree who earned in excess of \$5,000 per month. Remember that these workers have significant levels of education, including some post-secondary degrees, and may have been with the company for some time.

Educational Attainment, Gender, Wages and Workers

Gender is always a topic of interest, particularly when you look at wage differences. The LED data does factor in wage and gender data. For the Wasatch Front Service Area the information is interesting but not surprising. Remember, this area is a manufacturing, blue-collar economy in Weber County. Davis County has a similar dominant industry in the air force base with lots of maintenance and related jobs. This has some impact on the difference between male and female wages. The number of females in manufacturing/maintenance is typically not as high as in other industries such as education, government or finance.

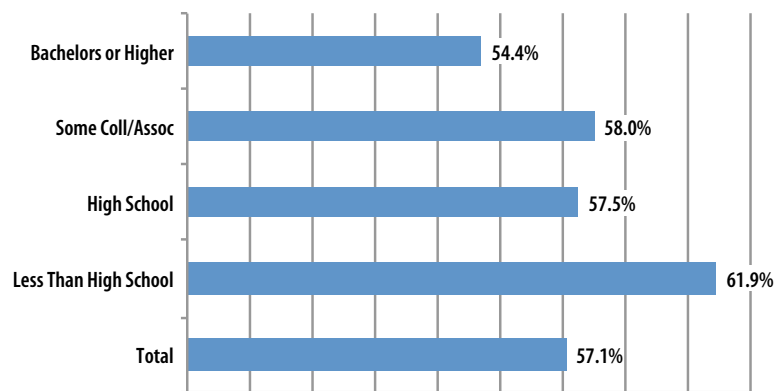
In 2010 the average monthly wage of workers in the LED dataset in the Wasatch Front North counties was \$3,323. The average for men was \$4,141 and for women was

\$2,364, 57.1 percent of the wages or their male counterparts. When viewing the wage differences across the educational attainment spectrum (Graph 5), differences were similar among those who hold at least a bachelor's degree (54.4 percent), those who have some college or an associate's degree (58 percent) and those who have finished high school (57.5 percent). Women who have less than a high school education made 61.9 percent of their male counterpart's wage. For the lower earnings and less education group the difference (between 61.9 and 100 percent) was smaller.

Women consistently make in the 54 percent to 57 percent range of what men make in three of the four educational attainment levels, excluding the group who did not finish high school. These gender differences are not unique to the Wasatch Front North area but are universal across the state and country.

These new data elements have offered us a deeper look into the workings of the labor market, though it is just a first look at a local level. We have yet to realize the potential for information analysis. ■

Graph 5: Female Wages as Percent of Male Wages
by Educational Attainment, 2010



Source: U.S. Census Bureau; Local Employment Dynamics program.



Economic Indicators

BY JOHN MATHEWS

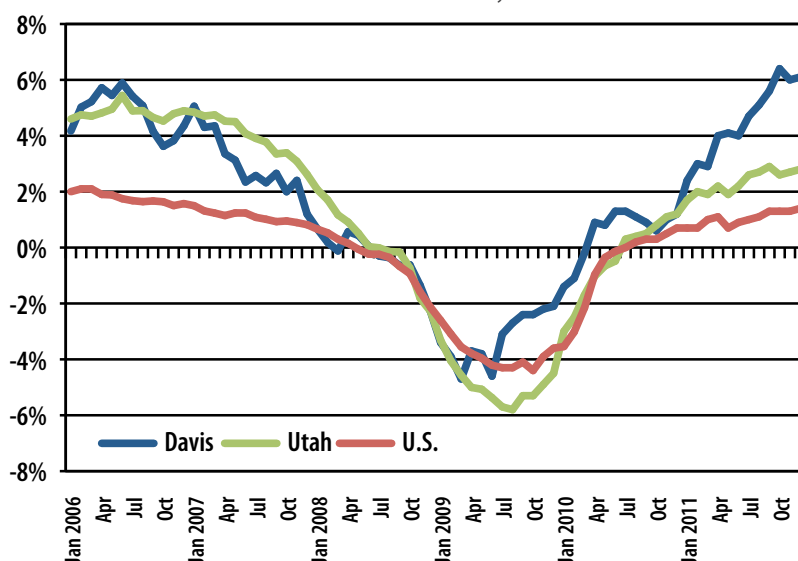
The economies of the Wasatch Front North counties improved through 2011. However, this doesn't signify a complete return to normal growth rates. Davis County is doing significantly better than Weber County, and Morgan County is just treading water. The Wasatch Front North added some 3,900 new jobs during 2011. Nearly all of those were in Davis County, although Weber County did add a few hundred. Still, from the perspective of recession recovery, the three-county area is doing better and growth will continue and potentially accelerate through 2012. Unemployment is decreasing, albeit slowly. Joblessness averaged 6.9 percent for all of 2011 and continues down according to March 2012 figures. In March, Davis County's unemployment rate was 5.7 percent. Weber was higher, as it usually is, with 6.9 percent and Morgan County came in at 5.7 percent.

Davis County

Continued growth describes the Davis County economy, with year-over job growth registering above the statewide average. In 2011 job counts grew by about 3.5 percent over 2010, or about 3,500 new jobs. Unemployment for the year averaged 6.2 percent which represents about 8,900 workers without jobs. Across the 11 major industry sectors, only the financial services industry lost jobs (-140) between 2010 and 2011. Most of the other Utah counties cannot make that claim. During the fourth quarter of 2011 all industries reported job gains. Most were in manufacturing (1,240), retail trade (750), business services (650), and healthcare (670).

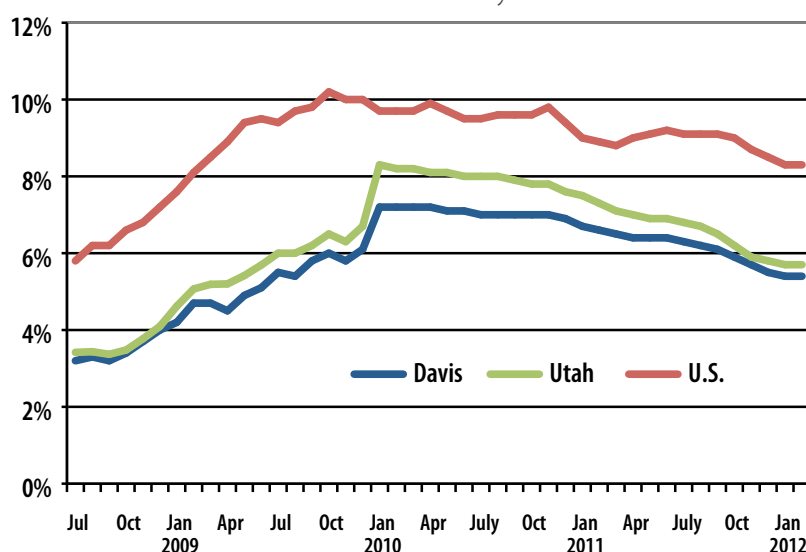
Davis County is recapturing some of its manufacturing base with about 1,240 additions just in the fourth quarter, constituting a 13.3 percent jump from fourth quarter of 2010. About nine percent of all jobs in the county are in manufacturing, which is approximately the same as the state average. It is interesting to

Graph 6: Year-Over Change in Nonfarm Jobs
Davis County



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

Graph 7: Seasonally Adjusted Unemployment Rates
Davis County



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

Economic Indicators
Cont.

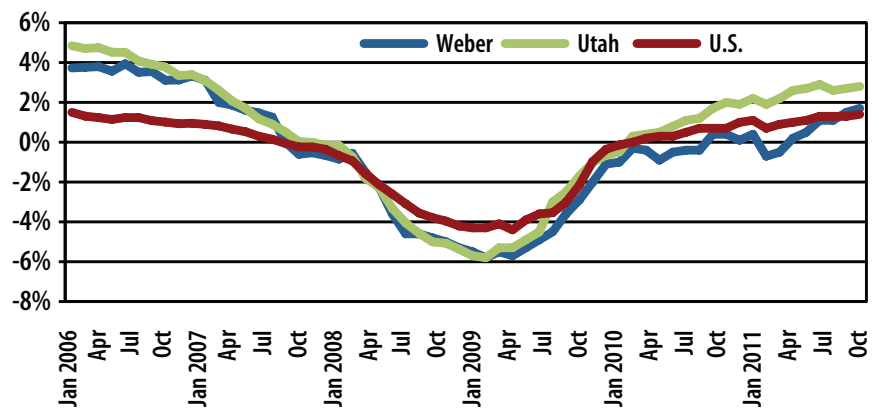
note that construction employment both for all of 2011 and for the fourth quarter was above year ago levels. In fourth quarter that was a 420 job increase. By far the largest industry in the county is federal government, namely Hill Air Force Base. Total federal employment averaged just over 13,000 in 2011, or 12.4 percent of total jobs. The Base is clearly an economic driving force in the county. Federal employment, however, did not grow by much between 2010 and 2011.

Building and consumer spending are important economic indicators. During 2011, building permits grew by about 34.3 percent across the county. The valuation of these permits rose by 12.5 percent. Increases are evidence of more activity in the housing market. Although the average price of homes has not appreciated and there is a lot of inventory in the market, the permitting of new construction is a positive sign. Also a harbinger of improving economic activity is the increase in the spending of consumers in the county. During fourth quarter of 2011 shoppers increased their purchasing over the previous year by 6.4 percent.

Weber County

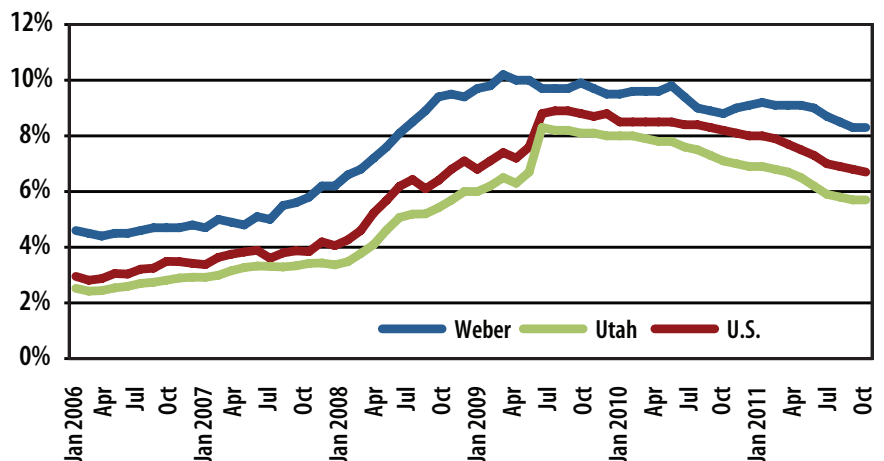
Unemployment in Weber County is currently 6.9 percent (March 2012), down from the average for the year of 7.8 percent. A decreasing unemployment rate is a sign of an improving market. About 46 percent of total jobs in the Wasatch Front North are in Weber County. That's roughly 90,000 jobs. The county has been more deeply impacted by the recession than others because it has a higher number of manufacturing jobs, just over 13 percent of all employment. That's good for wages since manufacturing jobs tend to pay more. On the other hand, higher levels of manufacturing expose the local economies

Graph 8: Year-Over Change in Nonfarm Jobs
Weber County



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

Graph 9: Seasonally Adjusted Unemployment Rates
Weber County



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

to regional and national economic fluctuations because the level of demand outside the county or state determines the demand for those manufacturing goods that are made locally. For example, during the recession the demand for new vehicles dropped, which affected the local manufacturer of tires and wheels. The higher the proportion of manufacturing jobs an area has, the more susceptible to impact by economic forces outside the area.

Manufacturing added an average of 670 positions during 2011. Job creation picked up by December when 1,500 jobs were added to payrolls in the county. In addition to manufacturing, both business services and healthcare each contributed about 300 jobs to the total. On the negative side, the federal government dropped 420 jobs at the end of December 2011.

The economic picture in Weber County is brightening as evidenced by job growth and declining unemployment. The road to recovery, however, will take some time.

Morgan County

Morgan County's economy just held its own during 2011. Employment stayed about 1,800 through the year and that was about the same as in 2010. In December about 30 jobs disappeared, a 1.8 percent drop since last December. Unemployment across the county averaged 5.7 percent for 2011. The most current unemployment rate (March 2012) was the same at 5.7 percent. As far as other indicators went, housing activity was off in terms of permits and valuation. Spending in Morgan County felt a healthy increase of 23.3 percent during the last quarter (fourth) of data available.

Industries that lost jobs in the latest year-over measure (December) were education and healthcare and government. Only leisure activities experienced an increase in employment. ■

Wasatch Front North **TOP JOBS** in Demand



1. Customer Service Representatives
2. Registered Nurses
3. Helpers—Production Workers
4. Sales Representatives, Services, All Other
5. Retail Salespersons
6. Truck Drivers, Heavy and Tractor-Trailer
7. Sales and Related Workers, All Other
8. Telemarketers
9. Construction Laborers
10. Telephone Operators



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Executive Director: Kristen Cox

Director, WRA: Rick Little

Supervising Economist: Carrie Mayne

Writers: John Mathews, MeLauni
Jensen

Chief Editor: Kathy Hopkinson

Designers: Pat Swenson, Winston
Inoway

Economic Analysis

Studies have shown that the world economy has been going through extraordinary changes in its organization, structure, integration and interdependency. Accelerating technological change has increased the intensity of business competition and economic development, forcing continual adjustments to a changing environment. Economies benefit from this technological change only when local chambers of commerce, government, businesses and others involved in economic development are able to accurately assess relevant economic factors to develop policies geared at boosting local economies in accordance with said technological advancements. With the power of economic information, policies are designed to maintain and help the local economy to grow, be more competitive in earnings and provide better job opportunities to give residents and employees a valuable tie to their community or business.

To gain a better understanding of an area and its economy, it is important to recognize current local and regional trends and conditions. Knowledge of the local economy typically comes from some sort of analysis. This kind of insight is part of the necessary preparation for an area to create an effective strategy in the decision-making process. Understanding what is happening in the area and why it is happening allows local chambers, government and businesses to make better choices. Every region in Utah has its own unique strengths and challenges and is typically different from any of the surrounding areas. Each area or business needs certain tools to answer necessary questions that will enable it to influence its job and income situation.

Workforce Research and Analysis (WRA), a division of the Utah Department of Workforce Services, understands the need for decision makers to have as much information as possible to improve the welfare of the resident population and promote opportunity. In an effort to strengthen the understanding of local economic areas, WRA uses the knowledge and experience of the department staff's economists. Years of education and experience working with labor statistics and local economic data give these economists the expertise to answer complex questions. WRA gathers data that include employment and payroll information through surveys and employer reporting, allowing the economists to shed light on how each area's economy is functioning. They are able to determine the strengths, weaknesses, trends and overall shape of the local economy and work to apply those ideas into indications about the future economy.

WRA produced this new quarterly publication focused on local economic analysis to provide relevant information for decision-making in the areas of regional planning, local economic development and policy design. Issues are available about the statewide economy and eight different sub-state areas: Bear River, Castle Country/Southeast, Central Utah, Mountainland, Southwest, Wasatch Front North, Wasatch Front South, and Uintah Basin. The statewide version will focus on items affecting the entire state of Utah, including job-training strategies, re-employment and labor exchange activities. All will provide the reader with an in-depth look at the economy. Each issue will also inform the reader of notable DWS policy changes and focus, explaining why it affects each area.

We hope you enjoy your experience with this publication.